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SUBJECT: PRIME MINISTER BENYAMIN NETANYAHU

11. (U) NOTE: This profile is the first in a series of reports on key members of the new Israeli government, which is scheduled to be sworn in on March 31, 2009.

NETANYAHU'S MATURATION

12. (SBU) Prime Minister Binyamin Netanyahu is expected to obtain from the Knesset tonight a vote of confidence in his government. Netanyahu's second stint in office (note: his first term as Prime Minister was in 1996-1999) has prompted a question: Has Bibi changed? Thus far, political observers have only the tortuous coalition negotiations by which to glean how the new premier will lead. On that basis, Netanyahu, who has headed the Likud party since 1993 with only one interlude (the Sharon years 1999-2005), has clearly learned from at least some of his past errors of judgment. Chief among them, by his own admission, was his decision in 1996 to form a narrow rightwing government. On being asked to form a government after the 2009 elections, Netanyahu went first to his "natural partners" on the right, but he always indicated his preference for having a broad-based government with either or both the Kadima and Labor parties on board. In that regard, Netanyahu made every effort, going beyond what most previous Israeli politicians had done to secure a balanced government.

13. (SBU) The cost to Likud of cobbling together a coalition that would include his rightwing partners and the left-leaning Labor party was steep in terms of financial, policy, and portfolio concessions. Netanyahu's ability to slide these deals past his own senior party members may be interpreted as indication of his improving leadership skills. But it may just as well signify Likud rank-and-file understanding of the new balance of power with Israel's party political system in which the existence of Kadima, with its 28 seats in the opposition, provides a constant default option for the malcontents within the governing coalition.

PRAGMATISM OVER IDEOLOGY

14. (SBU) Netanyahu is solidly center-right on the political spectrum, and he remains more pragmatic than ideological in most matters. On the peace process he is keeping all options open regarding a two-state solution, and may be willing to advance the process significantly as long as he is not forced to publicly acknowledge the extent of such progress. To succeed along such a path we expect him to rely heavily on his improved skills at political wheeling-dealing to keep the right flank on board while quietly (but perhaps slowly) cooperating on the peace process agenda, which he understands is critical to Israel's relations with the U.S.. In his speech to the last Knesset session of the Olmert Government March 30, Bibi said his government will be willing to offer "generous concessions" for peace with the Palestinians, and that his government would "do all in its power to reach peace with all our neighbors and with the entire Arab world." We note that while largely non-ideological on the peace process, Netanyahu does maintain an ideological passion for free markets, which suggests to us that his commitment to facilitating investment in the West Bank is more than just rhetoric and will result in active personal involvement on his part.

FOCUSED ON IRAN

15. (SBU) Netanyahu holds strong views on the Iranian threat. He believes that Iranian President Mahmoud Ahmadinejad should be taken at his word when he says Israel should be wiped off the map, and that deterrence theory does not apply to a nuclear-armed Iran. Netanyahu argues that Hamas in Gaza and Hizballah in Lebanon represent Iranian bases surrounding Israel. While some have suggested that Netanyahu may prefer to pursue negotiations with Syria rather than deal with the Palestinian issue, at least so far Netanyahu has consistently expressed great skepticism about Syria's willingness to give up its strategic ties to Iran in return for Israeli withdrawal from the Golan.